

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 /024 W

-----070010Z 088085 /63

R 062040Z JUN 77

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 0303

UNCLAS ASUNCION 2302

E.O. 11652: N/A

TAGS: EINV, OPIC, PA

SUBJC OPIC PROGRAMS IN PARAGUAY

REF: STATE 051549

1. IN PAST TWO MONTHS EMBOFF HAS ON SEVERAL OCCASIONS DISCUSSED WITH CENTRAL BANK OFFICIALS THE PROCEDURE FOR APPROVING PROJECTS ON WHICH U.S. INVESTORS HAVE REQUESTED OPIC INSURANCE. UNDER PARAGUAYAN REGULATIONS, CENTRAL BANK IS AGENCY WHICH STUDIES PROPOSAL AND RECOMMENDS APPROVAL OR DISAPPROVAL TO MINISTRY OF FOREIGN AFFAIRS, WHICH THEN INFORMS EMBASSY. SINCE 1966 WHEN BILATERAL AGREEMENT WAS SIGNED, ONLY ONE INVESTMENT HAS RECEIVED APPROVAL, THAT OF CITIBANK. BECAUSE OF THIS LACK OF EXPERIENCE GOP IS VERY UNSURE OF ITSELF AND ITS PROCEDURES AND HESITANT TO TAKE RESPONSIBILITIES.

2. DURING THE CONVERSATIONS CENTRAL BANK OFFICIALS HAVE INSISTED UPON READING BILATERAL AGREEMENT IN MOST CONSERVATIVE FASHION, EVEN THOUGH EMBASSY OFFICER HAS EXPLAINED OPIC AND HOST COUNTRY RESPONSIBILITIES IN DETAIL. THE OFFICIALS STATE THAT REINVESTMENTS OF CAPITAL CANNOT BE APPROVED SINCE THE BILATERAL AGREEMENT SPECIFICALLY STATES IN ITS PREAMBLE "CAPITAL ORIGINATING IN THE UNITED STATES." THE BANK IS ALSO HESITANT TO APPROVE THE BANK OF AMERICA APPLICATION SINCE "A FINANCE COMPANY DOES NOT FALL WITHIN THE SPIRIT OF THE AGREEMENT."

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3. AS OPIC IS AWARE THERE ARE NOW TWO APPLICATIONS PENDING APPROVAL (FLORIDA PEACH AND BANK OF AMERICA). SINCE THERE ARE LIKELY TO BE MORE IN THE FUTURE, EMBASSY WOULD LIKE TO CLARIFY THE SITUATION. HOWEVER, WE DO NOT WANT TO PUSH TOO HARD FOR GOP ACCEPTANCE OF ANY SPECIFIC APPLICATION, SINCE IT IS UP TO THE PARAGUAYANS TO DECIDE THE TYPES OF INVESTMENT

THEY WILL APPROVE FOR THE PURPOSES OF OPIC INSURANCE. IN EMBASSY VIEW, THE ONLY WAY TO PERSUADE THE GOP TO BROADEN ITS DEFINITION OF SUITABLE PROJECTS IS TO SHOW THEM WHAT OTHER COUNTRIES ARE DOING.

4. ACTION REQUESTED: EMBASSY WOULD BE MOST APPRECIATIVE IF OPIC WOULD ASK A LATIN AMERICAN COUNTRY TO PROVIDE A COPY OF ITS INTERNAL REGULATIONS OR STANDARDS FOR APPROVING INVESTMENTS FOR OPIC INSURANCE FOR TRANSMISSION TO GOP OFFICIALS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Review Release Date: n/a
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SAS ID: 2270048
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Status: NATIVE
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TAGS: EINV, PA, OPIC
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